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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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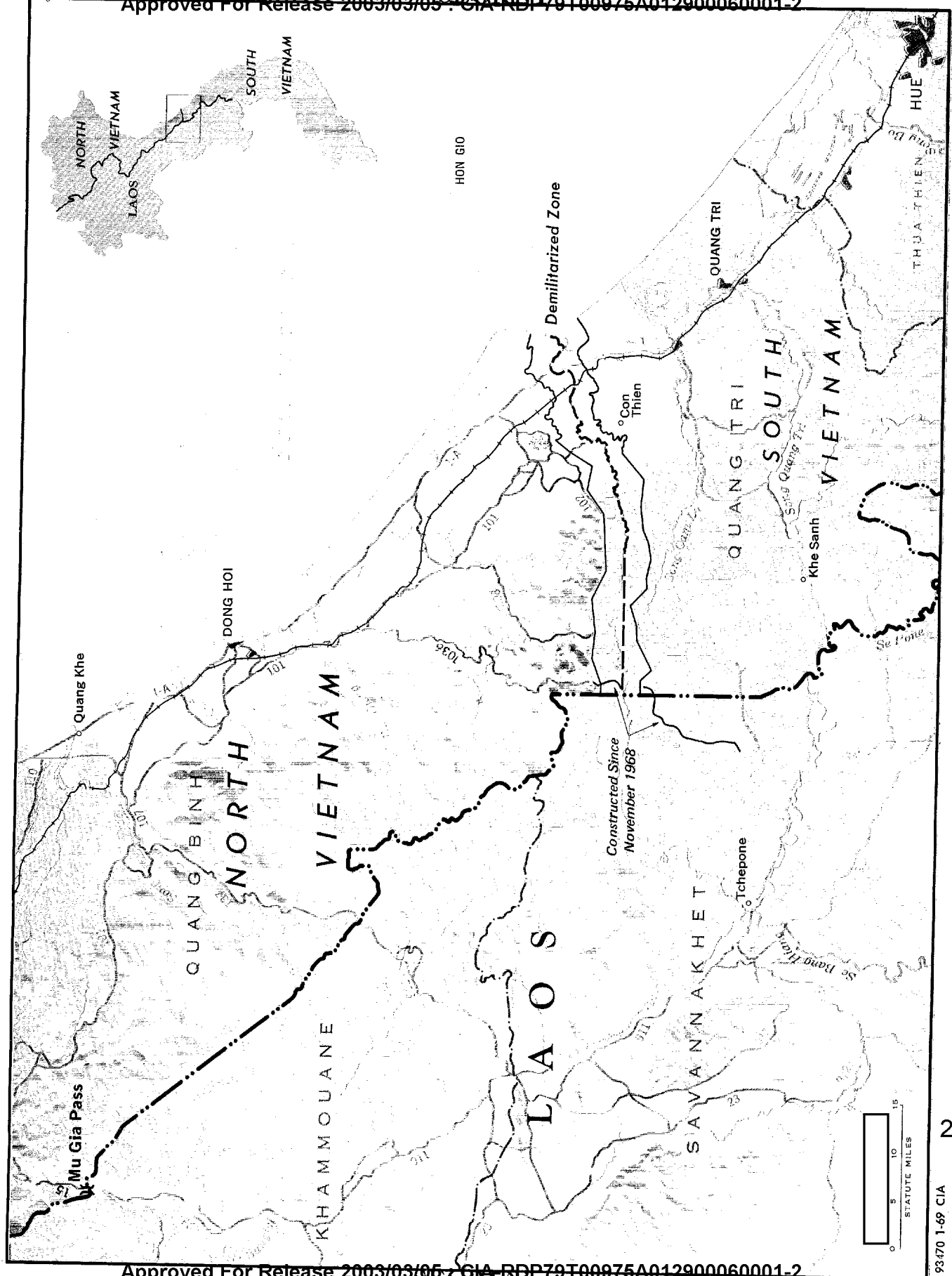
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**[** Vietnam: Military action in South Vietnam was limited to scattered small-unit clashes and light Communist shellings of allied installations on 9-10 January.

North Vietnamese truck traffic into Laos continues at the relatively brisk pace expected during the dry season. A roadwatch team on North Vietnam's Route 15 through the Mu Gia Pass spotted an average of 25 trucks a day moving south during the first seven days of January. An average of 21 trucks a day was observed in December.

In addition, a new and shorter truck route from North Vietnam around the western end of the Demilitarized Zone and connected with the roadnet in the Laotian Panhandle is nearing completion. Since the bombing halt last autumn, almost 20 miles of new road have been built and only 10 miles need to be finished before a crude but continuous route is completed. The new route would shorten the trip through the Laotian Panhandle by some 60 to 70 miles and thus reduce the time trucks are exposed to US bombings.  (Map) **]**

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Sweden - North Vietnam: Stockholm's decision to recognize North Vietnam is probably in large part the result of internal political pressures.

The government's own Social Democratic supporters have pressed it for several years to break relations with Saigon and to recognize Hanoi. Foreign Minister Nilsson in particular has been subjected to constant demands from the far-left Stockholm party organization of which he is president. This explains in part his 1967 decision, contrary to the advice of his officials, to withdraw accreditation to Saigon from the Swedish ambassador resident in Thailand. Since that time there have been sporadic statements hinting at recognition of Hanoi, but Stockholm declined to take the step, contending it would compromise Sweden's prospects as a potential mediator.

The Foreign Ministry communiqué announcing the decision maintained that the move was prompted by the need to establish official relations with the two Vietnams in order to advance Nordic plans to help in postwar reconstruction. The Nordic nations, in collaboration with the International Red Cross, have been studying since 1967 ways to provide humanitarian aid to Vietnam after the end of the war. Sweden in particular has been planning postwar economic aid to the two Vietnams.

The timing of Stockholm's announcement appears to be linked to the opening of Parliament on 13 January, the impending change in the US administration, and the desire of the Swedes to be in the forefront of international efforts to bring peace to Vietnam.

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Japan: The government apparently is trying to condition Japanese public opinion to accept concessions on American bases in Okinawa as the price for an early return of the island. The efforts have drawn strong critical reactions, however.

In a Tokyo press conference on 6 January, the Japanese ambassador to the US candidly stated that the US cannot accept a reversion agreement that imposes the restrictions on Okinawan bases that apply to US bases in Japan--prohibition of nuclear weapons and advance consultations prior to any major force deployments. Ambassador Shimoda urged a compromise that would assign to the Okinawan bases a special status preserving their value as part of the American deterrent in the Far East.

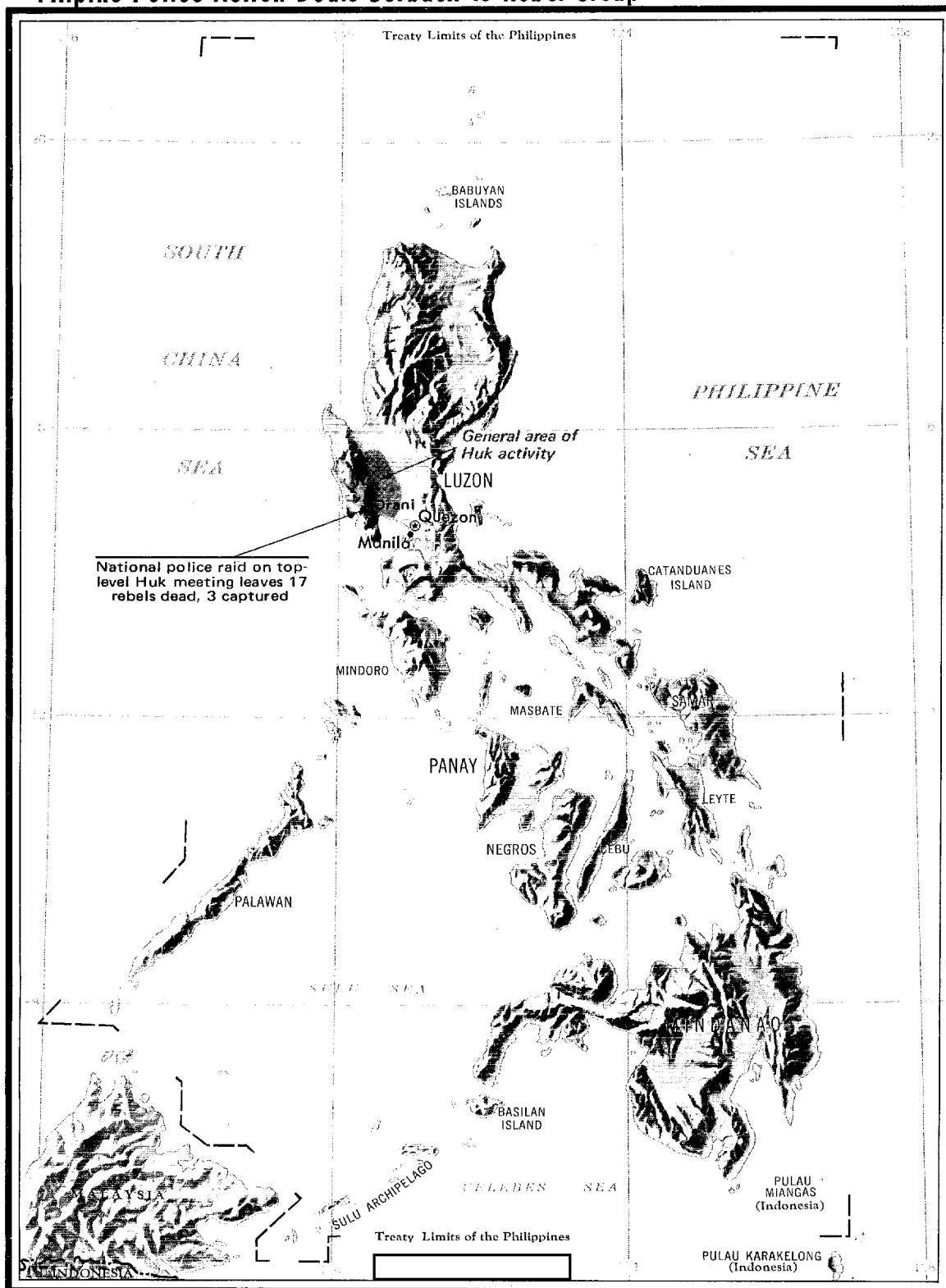
This trial balloon has evoked harsh criticism from all four opposition parties, the Japanese news media, and all shades of the political spectrum in Okinawa. The government will face strong challenges on this question in the Diet, which is expected to reconvene late this month.

[REDACTED]

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## Filipino Police Action Deals Setback to Rebel Group



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Philippines: Huk losses in a police action on 9 January may be the most serious setback to the rebel organization since the early 1950s.

The engagement is believed to have involved regional leaders from Huk strongholds in central Luzon who had assembled for a top-level meeting. The third-ranked Huk was among 17 rebels killed; three were captured. The Huk hard core--numbering only about 150 operating in scattered squads--was already in some disarray from internal squabbling and earlier police campaigns.

The demonstration of the ability of the constabulary to cope with the rebels will help blunt public criticism of President Marcos over increasing Huk depredations.   
(Map)

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Indonesia: Prospects for increasing petroleum exports, currently Djakarta's chief source of foreign exchange, have been boosted by the offshore discovery of oil by an American company.

This is the second offshore oil strike in recent months as exploratory operations by foreign countries get under way. Nearly 20 foreign contractors have signed exploration and development contracts with Indonesia since 1966, when the Suharto government reversed Sukarno's policy of nationalization and harassment of foreign companies.

Djakarta is counting on increased earnings of hard currency from oil to play a major role in rehabilitating the Indonesian economy. Its oil production, which averaged almost 600,000 barrels a day last year, is expected to exceed one million barrels a day by 1972.

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India: An impressive victory by former Congress Party president K. Kamaraj in a recent parliamentary by-election may have important political consequences both in his native Madras State and in New Delhi.

The victory is of major importance for Kamaraj--a Congress Party stalwart and opponent of Prime Minister Indira Gandhi--who has been seeking a comeback since his humiliating defeat in the 1967 general election. It is also a boost for the Madras unit of the Congress Party, which was also badly defeated in 1967. High-ranking members of the governing Dravida Munnetra Kazhagam (DMK) put their prestige on the line in trying to defeat Kamaraj, and his massive victory--over twice as many votes as his major opponent--may influence important upcoming state municipal elections.

The DMK Madras State government will probably be subject to much rougher opposition if Kamaraj, on the strength of his electoral triumph, succeeds in regaining control of the local Congress Party unit. Kamaraj favors more agitation within the state and a more aggressive approach by New Delhi.

During the by-election campaign it was widely rumored that Kamaraj would be included in the national cabinet if he won. Although his seniority and power position within the Congress Party national hierarchy qualify him for such a post, his long-standing conflict with Mrs. Gandhi will probably rule out a major portfolio. In any event, his latent distrust of the United States, which apparently was strengthened following his electoral defeat in 1967, may be reflected in future parliamentary debates. [REDACTED]

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NOTES

USSR: The Soviets are enlarging their Institute for Space Research in an effort to revitalize their nonmilitary space program. They presumably hope to achieve greater centralization and better over-all planning and guidance. The institute, formed in 1965, reportedly will employ several thousand people and be housed in a large, new multistory building in Moscow. Several hundred people now work for the institute in a number of locations scattered around the city. In the past, rigid security measures imposed by the military have hampered space research and development. Formation of the new institute could lead to some relaxation of security and to greater civilian participation in Soviet space programs. [REDACTED]

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Cuba-USSR: Havana has announced that last year the Soviet Union delivered to Cuba a "sub-critical uranium reactor" which will be used "for experimental and instructional purposes." A "sub-critical reactor" does not produce fissionable material and therefore cannot contribute to a nuclear weapons program. An agreement to deliver the reactor and various related facilities was signed by representatives of the two countries in September 1967. The provisions of the agreement made possible the establishment of Cuba's Institute of Nuclear Physics which was inaugurated this week at the town of Managua, just south of Havana, in the presence of Soviet Deputy Premier Novikov. [REDACTED]

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Dominican Republic: General Wessin, a key leader of the regular military during the 1965 revolt who has been in exile in the US for over three years, is planning to return to his homeland tomorrow. Although the government has banned any mass demonstration, Wessin's supporters have called for "a large, enthusiastic and orderly welcome." Wessin, who claims he will not engage in conspiratorial activity, will pose no immediate danger to President Balaguer, but some of his backers seem sure to try to involve him in intrigue. [REDACTED]

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Colombia: Communist-inspired student demonstrations against recent increases in bus fares and utility rates have forced the government to send troops to take over the southwestern industrial city of Cali, and military officers fear the protests may spread to other areas. Orthodox and extremist Communist groups are competing for influence among Colombian students and have been involved in other recent university disturbances in Cali. Communist-controlled labor unions there have called for a province-wide strike on 22 January. [REDACTED]

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board, on 10 January 1969, approved the following national intelligence estimate:

NIE 34-69 "Iran"

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